

**LUPUS FOUNDATION OF AMERICA –  
PHILADELPHIA TRI-STATE CHAPTER, INC.**

**Financial Report**

**September 30, 2011 and 2010**

**LUPUS FOUNDATION OF AMERICA –  
PHILADELPHIA TRI-STATE CHAPTER, INC.**

**Contents**

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-16



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

1300 Horizon Drive, Suite 106      Tel 215.997.5600  
Chalfont, PA 18914-3970      Fax 215.997.7218  
www.dunlap-associates.com

### **Independent Auditor's Report**

To the Board of Directors  
Lupus Foundation of America –  
Philadelphia Tri-State Chapter, Inc.  
Jenkintown, Pennsylvania

We have audited the accompanying statements of financial position of Lupus Foundation of America – Philadelphia Tri-State Chapter, Inc. as of September 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lupus Foundation of America – Philadelphia Tri-State Chapter, Inc., as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Dunlap & Associates, P.C.*  
DUNLAP & ASSOCIATES, P.C.

Chalfont, Pa.  
January 11, 2012



Member of Private Companies Practice Section, the AICPA Alliance for CPA Firms  
Member of JHI with Affiliated Offices Worldwide

**LUPUS FOUNDATION OF AMERICA -  
PHILADELPHIA TRI-STATE CHAPTER, INC.**

**Statements of Financial Position**

**September 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash	\$ 241,875	\$ 208,721
Accounts Receivable	35,094	40,419
Prepaid Expenses and Deposits	41,110	34,340
Furniture and Equipment, Net of Accumulated Depreciation	18,034	22,999
Endowment Cash	<u>42,500</u>	<u>42,500</u>
<b>Total Assets</b>	<u><u>\$ 378,613</u></u>	<u><u>\$ 348,979</u></u>
 <b>Liabilities and Net Assets</b>		
 Liabilities		
Accounts Payable and Accrued Expenses	\$ 13,780	\$ 9,322
Deferred Revenue	<u>61,204</u>	<u>56,908</u>
Total Liabilities	<u>74,984</u>	<u>66,230</u>
 Net Assets		
Unrestricted	254,119	233,394
Temporarily Restricted	7,010	6,855
Permanently Restricted	<u>42,500</u>	<u>42,500</u>
Total Net Assets	<u>303,629</u>	<u>282,749</u>
 <b>Total Liabilities and Net Assets</b>	<u><u>\$ 378,613</u></u>	<u><u>\$ 348,979</u></u>

See Notes to Financial Statements.

**LUPUS FOUNDATION OF AMERICA -  
PHILADELPHIA TRI-STATE CHAPTER, INC.**  
**Statements of Activities**  
**Years Ended September 30, 2011 and 2010**

	<b>2011</b>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues and Support</b>				
Contributions	\$ 150,774	\$ 700	\$ 0	\$ 151,474
Grants	0	38,560	0	38,560
Membership Dues	11,065	0	0	11,065
Special Events (net of direct benefit to donor expenses of 2011 \$43,563; 2010 \$31,757)	343,500	0	0	343,500
Meetings	3,415	0	0	3,415
Investment Income	432	28	0	460
Loss on Disposal of Equipment	(126)	0	0	(126)
Net Assets Released from Restrictions	39,133	(39,133)	0	0
Total Revenues and Support	<u>548,193</u>	<u>155</u>	<u>0</u>	<u>548,348</u>
<b>Expenses</b>				
Program Services				
Patient and Community Services	314,854	0	0	314,854
Research	66,520	0	0	66,520
Total Program Services	<u>381,374</u>	<u>0</u>	<u>0</u>	<u>381,374</u>
Support Services				
Administration	41,946	0	0	41,946
Fundraising	104,148	0	0	104,148
Total Support Services	<u>146,094</u>	<u>0</u>	<u>0</u>	<u>146,094</u>
Total Expenses	<u>527,468</u>	<u>0</u>	<u>0</u>	<u>527,468</u>
<b>Change in Net Assets</b>	20,725	155	0	20,880
<b>Net Assets</b>				
Beginning of Year	<u>233,394</u>	<u>6,855</u>	<u>42,500</u>	<u>282,749</u>
End of Year	<u>\$ 254,119</u>	<u>\$ 7,010</u>	<u>\$ 42,500</u>	<u>\$ 303,629</u>

See Notes to Financial Statements.

2010			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 170,395	\$ 885	\$ 0	\$ 171,280
0	89,600	0	89,600
13,331	0	0	13,331
314,632	0	0	314,632
3,990	0	0	3,990
510	38	0	548
0	0	0	0
120,879	(120,879)	0	0
<u>623,737</u>	<u>(30,356)</u>	<u>0</u>	<u>593,381</u>
335,524	0	0	335,524
72,293	0	0	72,293
<u>407,817</u>	<u>0</u>	<u>0</u>	<u>407,817</u>
57,034	0	0	57,034
85,349	0	0	85,349
<u>142,383</u>	<u>0</u>	<u>0</u>	<u>142,383</u>
<u>550,200</u>	<u>0</u>	<u>0</u>	<u>550,200</u>
73,537	(30,356)	0	43,181
<u>159,857</u>	<u>37,211</u>	<u>42,500</u>	<u>239,568</u>
<u>\$ 233,394</u>	<u>\$ 6,855</u>	<u>\$ 42,500</u>	<u>\$ 282,749</u>

**LUPUS FOUNDATION OF AMERICA -  
PHILADELPHIA TRI-STATE CHAPTER, INC.**

**Statements of Functional Expenses  
Years Ended September 30, 2011 and 2010**

	<b>2011</b>				
	<u>Program Services</u>		<u>Support Services</u>		
	<u>Patient and Community Services</u>	<u>Research</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Payroll Taxes	\$ 162,515	\$ 9,029	\$ 24,829	\$ 29,343	\$ 225,716
Employee Benefits	15,301	850	2,337	2,762	21,250
Grants					
Research	0	6,000	0	0	6,000
Other	1,947	0	0	0	1,947
Credit Card Fees/On-Line Services	13,317	740	2,034	2,404	18,495
Depreciation	5,160	287	788	932	7,167
Insurance	3,305	184	505	1,849	5,843
Marketing	11,625	0	0	5,150	16,775
Meetings and Conference Expense	13,416	212	585	23,221	37,434
National Organization Revenue Sharing	0	45,264	0	0	45,264
Postage	12,305	684	1,880	2,222	17,091
Printing	15,792	399	1,096	18,903	36,190
Professional Fees	14,932	616	1,693	6,830	24,071
Rent	23,990	1,333	3,665	4,332	33,320
Supplies	5,938	290	797	2,902	9,927
Telephone	8,355	464	1,277	1,509	11,605
Travel	6,293	131	359	1,670	8,453
Miscellaneous	663	37	101	119	920
<b>Total Expenses</b>	<u><u>\$ 314,854</u></u>	<u><u>\$ 66,520</u></u>	<u><u>\$ 41,946</u></u>	<u><u>\$ 104,148</u></u>	<u><u>\$ 527,468</u></u>

See Notes to Financial Statements.

**LUPUS FOUNDATION OF AMERICA -  
PHILADELPHIA TRI-STATE CHAPTER, INC.**  
**Statements of Functional Expenses**  
**Years Ended September 30, 2011 and 2010**

	<b>2010</b>				
	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Patient and Community Services</u>	<u>Research</u>	<u>Administration</u>	<u>Fundraising</u>	
Salaries and Payroll Taxes	\$ 159,473	\$ 8,860	\$ 31,009	\$ 22,150	\$ 221,492
Employee Benefits	17,448	969	3,392	2,422	24,231
Grants					
Research	0	56,000	0	0	56,000
Other	3,000	0	0	0	3,000
Credit Card Fees/On-Line Services	11,492	638	2,235	1,596	15,961
Depreciation	5,253	292	1,021	730	7,296
Insurance	3,246	180	631	1,526	5,583
Marketing	12,755	0	0	97	12,852
Meetings and Conference Expense	18,066	106	372	13,816	32,360
National Organization Revenue Sharing	30,836	1,713	5,996	4,283	42,828
Postage	12,262	681	2,384	1,703	17,030
Printing	12,417	425	1,489	20,758	35,089
Professional Fees	11,053	553	1,936	6,191	19,733
Rent	20,293	1,127	3,946	2,819	28,185
Supplies	5,238	218	764	2,544	8,764
Telephone	8,376	465	1,629	1,163	11,633
Travel	3,618	27	93	3,454	7,192
Miscellaneous	698	39	137	97	971
<b>Total Expenses</b>	<u><u>\$ 335,524</u></u>	<u><u>\$ 72,293</u></u>	<u><u>\$ 57,034</u></u>	<u><u>\$ 85,349</u></u>	<u><u>\$ 550,200</u></u>

See Notes to Financial Statements.



**LUPUS FOUNDATION OF AMERICA -  
PHILADELPHIA TRI-STATE CHAPTER, INC.**

**Statements of Cash Flows  
Years Ended September 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 20,880	\$ 43,181
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	7,167	7,296
Loss on Disposal of Equipment	126	0
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	5,325	(1,952)
Prepaid Expenses and Deposits	(6,770)	(3,083)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	4,458	(7,447)
Deferred Revenue	4,296	3,993
Net Cash Provided by Operating Activities	<u>35,482</u>	<u>41,988</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Furniture and Equipment	<u>(2,328)</u>	<u>0</u>
<b>Net Increase in Cash</b>	33,154	41,988
<b>Cash</b>		
Beginning of Year	<u>251,221</u>	<u>209,233</u>
End of Year	<u><u>\$ 284,375</u></u>	<u><u>\$ 251,221</u></u>

See Notes to Financial Statements.

**LUPUS FOUNDATION OF AMERICA –  
PHILADELPHIA TRI-STATE CHAPTER, INC.**

**Notes to Financial Statements  
September 30, 2011 and 2010**

**1. Nature of Organization and Summary of Significant Accounting Policies**

**Nature of Organization**

Lupus Foundation of America – Philadelphia Tri-State Chapter, Inc. (the Foundation) is a nonprofit organization, the purposes of which are (1) to improve the quality of life of people afflicted with lupus and their families and friends in the Southeastern Pennsylvania, Southern New Jersey and Delaware area through education, detection of the disease, and alleviation of suffering; (2) to eradicate the disease by providing research grants to qualified institutions and individuals; and (3) to support the programs and activities of Lupus Foundation of America, Inc. (the National Organization).

**Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned, and expenses are recognized when incurred.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Financial Statement Presentation**

The financial statements have been prepared in accordance with accounting standards for contributions received. Generally, the standards prescribe that all contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair values. The standards also require that contributions received be distinguished between those that increase permanently restricted, temporarily restricted, and unrestricted net assets.

Additionally the statements have been prepared in accordance with standards that require the classification of an organization's net assets, its revenue and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. It requires that amounts for each of three classes of net assets (permanently restricted, temporarily restricted, and unrestricted) be displayed in a statement of financial position and that the amounts of the change in each of the three classes of net assets be displayed in a statement of activities.

**LUPUS FOUNDATION OF AMERICA –  
PHILADELPHIA TRI-STATE CHAPTER, INC.  
Notes to Financial Statements  
September 30, 2011 and 2010**

**1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

**Financial Statement Presentation (Continued)**

Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

**Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time, and market gains from invested permanently restricted net assets which have not been expended. Use of realized gains is limited annually under state law.

**Permanently restricted net assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

**Contributions**

Contributions, including unconditional promises to give, are recorded as revenue when received. Investments, property, and other non-cash contributions are recorded at fair value at the date of gift or bequest. Contributions are considered to be available for unrestricted use unless they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted or permanently restricted net assets and reported in the statement of activities as net assets released from temporary restrictions.

**Grants**

Grants are recorded as revenue as the services are performed. Grants receivable are stated at the amount at the amount management expects to collect from balances outstanding at year end. There were no grants receivable at September 30, 2011 and 2010.

**Special Events**

Revenue and expenses from special events are recognized during the period the event is held. Receipts received prior to the period when the event is held are recognized as deferred revenue. Expenses incurred prior to the period the event is held are recognized as prepaid expenses.

**LUPUS FOUNDATION OF AMERICA –  
PHILADELPHIA TRI-STATE CHAPTER, INC.  
Notes to Financial Statements  
September 30, 2011 and 2010**

**1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

**Donated Materials and Services**

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation in carrying out its programs. The value of that portion of these services which meets the requirements for recognition in the financial statements is recorded as both contributions and expenses in the accompanying statement of activities at its estimated value at the date of receipt. Donated materials and services of \$7,951 and \$5,652 were recorded for the years ended September 30, 2011 and 2010, respectively.

**Cash**

The Foundation maintains its cash accounts in a commercial bank and in a money market account with a regulated investment company. The amount on deposit at the bank is insured by the Federal Deposit Insurance Corporation, and the amount on deposit at the regulated investment company is insured by the Securities Investor Protection Corporation. The amount on deposit may exceed the insured limit. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable at September 30, 2011, consist of contributions and special event revenue, all of which is expected to be collected in 2012.

**Furniture and Equipment**

Furniture and equipment are stated at cost. Major replacements and betterments greater than \$500 are capitalized while maintenance and repairs are expensed as incurred.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. If the donor does not stipulate how long those donated assets must be maintained, then the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives of depreciable assets are:

<u>Classifications</u>	<u>Years</u>
Computer Software and Equipment	3-5
Furniture and Fixtures	5

**LUPUS FOUNDATION OF AMERICA –  
PHILADELPHIA TRI-STATE CHAPTER, INC.**  
**Notes to Financial Statements**  
**September 30, 2011 and 2010**

**1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

**Income Tax Status**

The Foundation is a qualified, not-for-profit educational organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Foundation is exempt from federal and state income taxes. The Foundation did not have any unrelated business income for the years ended September 30, 2011 and 2010 that would be subject to federal or state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

The Foundation accounts for uncertainty in income taxes using a recognition threshold of more-than-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainties occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2011 and 2010.

The Foundation's Forms 990 – *Federal Return of Organization Exempt from Income Tax* – for the years ended September 30, 2008 through September 30, 2011 remains subject to examination by the Internal Revenue Service.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Reclassifications**

Certain expenses accounts in the statement of activities at June 30, 2010, have been reclassified. These reclassifications had no effect on net assets for that year, and were for comparative purposes to conform with the presentation in the current-year financial statements.

**2. Cash**

Cash at September 30 consisted of the following:

	<u>2011</u>	<u>2010</u>
Firsttrust Checking and Petty Cash	\$ 66,757	\$ 34,011
Firsttrust Savings	96,595	96,255
Vanguard Money Market	<u>121,023</u>	<u>120,955</u>
	<u>\$ 284,375</u>	<u>\$ 251,221</u>

**LUPUS FOUNDATION OF AMERICA –  
PHILADELPHIA TRI-STATE CHAPTER, INC.  
Notes to Financial Statements  
September 30, 2011 and 2010**

**3. Furniture and Equipment**

A summary of furniture and equipment at September 30 is as follows:

	<u>2011</u>	<u>2010</u>
Computer Software and Equipment	\$ 26,458	\$ 24,929
Furniture and Fixtures	<u>21,773</u>	<u>21,154</u>
	48,231	46,083
Less Accumulated Depreciation	<u>(30,197)</u>	<u>(23,084)</u>
	<u>\$ 18,034</u>	<u>\$ 22,999</u>

Depreciation expense was \$7,167 and \$7,296 for the years ended September 30, 2011 and 2010, respectively.

**4. Deferred Revenue**

Deferred revenue at September 30, 2011 and 2010 consisted of Deferred Special Event Revenue of \$61,204 and \$56,908, respectively.

Special event revenues received in the period before the event is held are deferred and recognized in the period in which the event is held.

**5. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets held at September 30, 2011 and 2010, are available for the following purposes or future periods:

	<u>2011</u>	<u>2010</u>
Contributions, Grants, and Other Unexpended Revenues Available for:		
Lublin Memorial Fund	\$ 6,895	\$ 6,845
Other	<u>115</u>	<u>10</u>
	<u>\$ 7,010</u>	<u>\$ 6,855</u>

**LUPUS FOUNDATION OF AMERICA –  
PHILADELPHIA TRI-STATE CHAPTER, INC.  
Notes to Financial Statements  
September 30, 2011 and 2010**

**5. Temporarily and Permanently Restricted Net Assets (Continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2011</u>	<u>2010</u>
Purposes Restrictions Accomplished:		
Outreach and Education	\$ 38,560	\$ 39,600
Financial Assistance	573	913
Pediatric Lupus Research	0	50,000
Capacity Building Grant	0	17,978
Delaware Expansion	<u>0</u>	<u>12,388</u>
	<u>\$ 39,133</u>	<u>\$ 120,879</u>

Permanently restricted net assets of \$42,500 consisted solely of endowment funds at September 30, 2011 and 2010, the income from which is to be used to provide financial assistance to individuals afflicted with lupus.

**6. Endowment Funds**

The Foundation's endowment consists of one fund, the Guggenheim Endowment, established to provide financial assistance to individuals afflicted with lupus who are unable to pay for medications and other lupus related expenses. The endowment includes donor-restricted funds only.

**Interpretation of Relevant Law**

The Foundation follows Pennsylvania Act 141 required by the Commonwealth of Pennsylvania. Act 141 requires the historical dollar amount of a donor-restricted endowment fund to be preserved. The Foundation's donors have requested that the original amount of the endowment, \$42,500, remain intact, and that the income and any appreciated value be used for the purposes stated above. As a result of this, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment (if any). The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation.

**LUPUS FOUNDATION OF AMERICA –  
PHILADELPHIA TRI-STATE CHAPTER, INC.**

**Notes to Financial Statements  
September 30, 2011 and 2010**

**6. Endowment Funds (Continued)**

**Investment Return Objectives, Risk Parameters and Strategies**

The Foundation follows investment policies, approved by the Board of Directors, to preserve and protect its assets by earning a total return for the fund appropriate for the fund's time horizon, distribution techniques, and risk tolerance. Furthermore, the investments must provide a predictable stream of funding to programs supported by its endowment fund while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets are invested in a Vanguard money market fund.

**Spending Policies**

As required by the donors, the Foundation can distribute the income of the fund.

During the year ended September 30, 2011, the Foundation had the following endowment-related activities:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment Net Assets:		
Beginning of Year	\$ 0	\$ 42,500
Contributions	545	0
Investment Income	0	28
Amounts Appropriated	28	(28)
Financial Assistance	<u>(573)</u>	<u>0</u>
End of Year	<u>\$ 0</u>	<u>\$ 42,500</u>



**LUPUS FOUNDATION OF AMERICA –  
PHILADELPHIA TRI-STATE CHAPTER, INC.**

**Notes to Financial Statements  
September 30, 2011 and 2010**

**7. Special Events**

During the years ended September 30, 2011 and 2010, the Foundation conducted special events designed to inform supporters about current operations and activities, and to raise funds for the Foundation. The table below summarizes support received from these events, less costs for the direct benefits provided.

	<u>Support</u>	<u>Expenses</u>	<u>2011 Net Proceeds</u>	<u>2010 Net Proceeds</u>
Lupus Loop and Walk for Lupus Now	\$ 290,322	\$ 17,425	272,897	\$ 244,640
Lupus Links	54,816	21,814	33,002	35,609
Movie Mania	11,940	0	11,940	5,930
Bridge Tournament	11,638	4,324	7,314	15,736
Other	18,347	0	18,347	12,717
	<u>\$ 387,063</u>	<u>\$ 43,563</u>	<u>\$ 343,500</u>	<u>\$ 314,632</u>

**8. National Organization Revenue Sharing Expense**

In accordance with the revenue sharing policy of the National Organization, the Foundation is required to remit a portion of its revenue to the National Organization. The revenue sharing expense is generally equal to 10% of the Foundation's total revenue, less applicable adjustments, as reported on its prior year IRS Form 990. The Foundation's revenue sharing expense for the years ended September 30, 2011 and 2010, was \$45,264 and \$42,828, respectively. Revenue shares for 2011 exclusively support the Lupus Foundation of America's national research program, ***Bringing Down the Barriers.***

**9. Research Grants**

Research grants were made to the following organizations for the years ended September 30, 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
University of Pennsylvania	\$ 4,000	\$ 4,000
Children's Hospital of Philadelphia	1,000	0
Temple University	1,000	0
Lupus Foundation of America National Organization	0	50,000
Wistar Institute	0	2,000
	<u>\$ 6,000</u>	<u>\$ 56,000</u>

**LUPUS FOUNDATION OF AMERICA –  
PHILADELPHIA TRI-STATE CHAPTER, INC.**

**Notes to Financial Statements  
September 30, 2011 and 2010**

**10. Operating Lease**

The Foundation leases its office facilities in Jenkintown, Pennsylvania, pursuant to a non-cancelable lease that expires March 31, 2014. The rent expense for this office was \$24,924 and \$19,296 for the years ended September 30, 2011 and 2010, respectively.

Additionally, in 2008 the Foundation entered into a non-cancelable lease for office space in Wilmington, Delaware. The lease term is July 1, 2008 through June 30, 2013, and the rent expense was \$4,375 and \$4,509 for the years ended September 30, 2011 and 2010, respectively.

The minimum annual lease commitments for these leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2012	\$ 31,176
2013	31,623
2014	<u>14,472</u>
	<u>\$ 77,271</u>

**11. Subsequent Events**

Management has evaluated subsequent events through January 11, 2012, the date which the financial statements were available to be issued.